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NSC BRIEFING

INDOCHINA

Situation in South Vietnam remains unstable because of political disunity, friction within military organization, Vagaries French.

A. Although Hinh out, recent clashes between armed factions foreshadow continuing troubles.

B. Meanwhile, French still not reconciled to Diem: Ambassador Dillon told French unless "strong and stable" government set up by 15 January, French must start evacuation South.

C. Mid-January is deadline, because must pull out 300-400,000 civilians, in addition to Expeditionary Corps, well in advance of '56 elections

State Department review completed

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D. Figure includes 60,000 French nationals: rest would be Vietnamese, such as government employees, their families, Christians, business and professional people.

E. Figure <sup>obviously</sup> ~~apparently~~ does not <sup>CONSIDER</sup> include 500,000 North Vietnam evacuees.

F. Extremely doubtful, however, that French would undertake such evacuation or face problem massive resettlement in France or North Africa.

II. Meanwhile, Viet Minh progress in North has included ~~great~~ increase in military strength but revealed strains in economy.

A. Large army (350,000) is part of problem, but poor rice crops in Tonkin--a deficit area to begin with--is most serious aspect.

B. In '55, Viet Minh will be short 400,000 tons rice.

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[REDACTED]

III. Pull-out of French and wealthy Viets from North has caused unemployment, cut purchases goods and services; Hanoi prices rising.

A. Also, Viet Minh foreign exchange holdings and earning power small; drive to reopen China routes has economic as well as military motive.

B. Viet Minh need for technical aid to be met by Orbit. Soviet, Chinese advisors already present; some 70 Poles--presumably technicians--in Hanoi; [REDACTED]

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C. Viet Minh reaction--take in belt. Frankly admits existence of serious economic problems, but tells people to emulate China and USSR which suffered long before obtaining "benefits" of "peoples democracy."

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